

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 7-8, 2006

Reference No.: 3.1
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Norma Ortega
Chief
Division of Budgets

Subject: **CALTRANS MONTHLY FINANCE REPORT**

This report represents activity for the month ending March 31, 2006. The “baseline” forecast used for comparison purposes is the cash forecast presented to the California Transportation Commission (Commission) at the November 2005 meeting. The Transportation Investment Fund (TIF) forecast has been corrected for the calculation error previously reported to the Commission.

PURPOSE

The purpose of the cash forecast is to estimate and monitor the balance of the following funds: the State Highway Account (SHA), Public Transportation Account (PTA), Traffic Congestion Relief Fund (TCRF), and Transportation Investment Fund (TIF). Cash forecasts allow the Department of Transportation (Department) to determine the level of allocations that can be authorized and to prepare for low or high cash periods. Reported cash actuals are compared to the forecast. If actuals begin to differ from the forecast, the Department will evaluate the cause and adjust the forecast methodology, if necessary. Beginning with fiscal year 2006-07 the Caltrans Finance Report will be presented on a quarterly.

MARCH 2006 HIGHLIGHTS

With the exception of the SHA, which will be explained in detail, all of the forecasts are relatively on target and no changes to the allocation plan are recommended at this time.

March 2006 Ending Cash Balance Actual vs. Projected			
	Forecast	Actual	Difference
SHA	\$780	\$489	-\$291
PTA	\$220	\$222	\$2
TCRF	\$230	\$196	-\$34
TIF	\$90	\$79	-\$11

FISCAL YEAR (FY) 2005-06 ALLOCATION PLAN

The following chart shows the progress toward meeting the FY 2005-06 Allocation Plan. The funding capacity for all funds was originally \$4.304 billion. At the March 2006 Commission meeting, an additional \$477 million in State Transportation Improvement Program (STIP) allocations from TIF and \$535 million in TCRP from TCRF was approved bringing the new capacity to \$5.316 billion. The additional allocations were recommended by the CTC in anticipation of the FY 2006-07 Proposition 42 revenues and potential approval by the voters of the Governor's proposal to implement a firewall to protect Proposition 42.

Allocations represent Commission votes, emergency project funding (G-11), and projects processed under delegated authority through April 2006. As approved by the Commission, a supplemental fund allowance of \$300 million has been included as a separate line in the plan. The \$300 million in supplemental allowance has been nearly exhausted.

	SHOPP	STIP	TCRP	Subtotal	Tribal Gaming	Total
State Highway Account (SHA)	\$1,800	\$501	\$0	\$2,301	\$450	\$2,751
Public Transportation Account (PTA)	0	115	0	115	120	235
Traffic Congestion Relief Fund (TCRF)	0	0	1,213	1,213	290	1,503
Transportation Investment Fund (TIF)	0	827	0	827	0	827
Total Allocation Plan	\$1,800	\$1,443	\$1,213	\$4,456	\$860	\$5,316
TCRF Reserve	\$0	\$0	\$79	\$79	\$0	\$79
July-March CTC Allocation	1,637	921	968	3,526	0	3,526
Rescinded Projects	-20	0	0	-20	0	-20
Subtotal New Allocations	\$1,617	\$921	\$1,047	\$3,585	\$0	\$3,585
Remaining Unallocated	\$183	\$522	\$166	\$871	\$860	\$1,731
\$300 Million Supplemental Allowance	\$147	\$153	\$0	\$300	\$0	\$300
July - April Supplementals Approved by CTC	133	156	0	289	0	289
July - April G-12 Supplementals	6	3	0	9	0	9
Subtotal Supplemental	\$139	\$159	\$0	\$298	\$0	\$298
Remaining Supplemental Allowance	\$8	-\$6	\$0	\$2	\$0	\$2
Grand Total Allocations and Supplemental	\$1,756	\$1,080	\$1,047	\$3,883	\$0	\$3,883

As the last vote of the fiscal year, there are several categories of projects that are not normally found on the agenda. Several State Highway Operation and Protection Program (SHOPP) projects have been brought forward even though funding and allocation capacity will not be available until the next fiscal year. Award of these projects will be contingent upon passage of the 2006-07 Budget Act.

Additionally, because of limited Federal Trust Fund budget authority remaining in FY 2005-06, some Category 1 projects that cannot be allocated from TIF are being recommended for allocation contingent upon the passage of the 2006-07 Budget Act. Some projects are not being recommended for allocation because they are advancements of future years' programming.

FUNDS DISCUSSION***State Highway Account***

The SHA ending cash balance was \$489 million, or \$291 million (37 percent) below forecast. As explained in the April 2006 finance report, the low cash balance will be temporary and does not impact the Commission's allocation plan. The cash balance is recovering and is expected to be at near-forecast levels by the end of April 2006.

March 2006 Highway User Tax Account (HUTA) actual receipts were \$339 million, or \$21 million (6 percent) above forecast. Year-to-date HUTA receipts are on target with the forecast. The year to date difference between forecast and actual is less than one percent.

Weight fee receipts for March 2006 were \$95 million, or \$7 million (8 percent) above forecast. Year-to-date receipts are \$26 million (4 percent) above forecast.

Federal receipts continue to come in below forecast. March 2006 receipts received were \$194 million, or \$34 million (15 percent) below forecast. Year-to-date federal receipts are 29 percent below forecast. Federal receipts that were stalled due to late receipt of Obligation Authority (OA) are expected to rebound as requests for reimbursements are processed.

State operations expenditures were slightly higher for the month of March 2006. Actual expenditures were \$225 million, or \$19 million (9 percent) above forecast. Year-to-date state operations expenditures are 12 percent above forecast.

Capital outlay expenditures were \$86 million, or \$10 million (12 percent) above forecast. Capital outlay expenditures have fluctuated above and below forecast slightly since the beginning of the fiscal year but in total, are relatively on track with the forecast with year-to-date actuals at 8 percent above forecast.

Local assistance expenditures were \$64 million, or \$63 million (50 percent) below forecast. Year-to-date local assistance expenditures are 32 percent below forecast. The low local assistance expenditures correspond to low local assistance federal reimbursements received so far this year.

Federal Trust Fund

The Department received notification of Federal Fiscal Year 2006 OA on December 28, 2005. Approximately \$1.8 billion of OA remained unobligated as of March 31, 2006. The Department expects to fully utilize all of the 2006 OA by the end of the federal fiscal year. Total Advance Construction, including Grant Anticipation Revenue Vehicles (GARVEE), Toll Bridge Seismic Retrofit Program, Local Assistance, and Emergency Relief, was \$3.9 billion.

Federal Emergency Projects

As a result of damages caused by recent disasters in California, the Senate Appropriations Committee approved \$309 million to repair federal roads and highways. If enacted, the appropriated amount will be allocated by disaster. On May 11, 2006, the Governor proclaimed a state of emergency in 40 counties as a result of the storms that took place between December 2005 and April 2006. The chart below details the current federal emergency disasters and funding status in California. The amounts, per disaster, represent the original amounts needed by state and local governments, the total federal allocation and the remaining amounts needed for each disaster.

Disaster Name & No.	State Need	Local Need	Total Need	Total Federal Allocation	Total Need Remaining
Devil's Slide CA83-1	\$345.0	\$0.0	\$345.0	\$241.8	\$103.2
December 2002 Storm CA03-1	\$116.0	\$6.0	\$122.0	\$55.4	\$66.6
San Simeon Earthquake CA04-2	\$3.4	\$1.6	\$5.0	\$0.0	\$5.0
Inyo County Flood CA04-4	\$9.3	\$0.0	\$9.3	\$0.0	\$9.3
December 2004 Storm CA05-1*	\$247.0	\$135.0	\$382.0	\$0.0	\$382.0
December 2005 Storm CA06-1	\$264.0	\$32.0	\$296.0	\$0.0	\$296.0
TOTAL	\$984.7	\$174.6	\$1,159.3	\$297.2	\$862.1

* Note: The overall need for Disaster CA05-1 includes increases pending FHWA approval of additional damaged sites. State Sites: \$111M, Local sites: \$26M, Total: \$137M.

GARVEE Projects Expenditure Report

All GARVEE projects have been awarded at a total value of \$658 million. Expenditures through March 31, 2006 total \$299 million, or \$12 million (4 percent) below the forecast amount of \$311 million. Total interest earned on the balance is \$29 million. Total interest paid is \$51 million, at an interest rate of 3.03 percent.

The chart below compares each GARVEE project expenditure to date against the forecast to date.

	Forecast	Actual	Difference	% Difference
I-880/Coleman Interchange	\$58,191	\$42,216	-\$15,975	-27.45%
I-15 Managed Lanes	72,290	68,114	-4,176	-5.78%
60-91-215 Interchange	106,000	106,755	755	0.71%
SR-87 North	20,409	19,176	-1,233	-6.04%
SR-87 South	23,544	21,945	-1,599	-6.79%
I-5 HOV Lanes	11,925	14,346	2,421	20.30%
I-405 Auxiliary Lane	3,626	12,659	9,033	249.12%
I-405/Hwy. 101 Gap Closure	15,247	13,707	-1,540	-10.10%
Total	\$311,232	\$298,918	-\$12,314	-3.96%

Attachment 5 displays forecast and actual GARVEE activity for Fiscal Years 2005-06 and 2006-07. Attachment 5 reflects the impact of a slow start but shows actuals are now in line with the forecast.

Public Transportation Account

The PTA ending cash balance for March 2006 was \$222 million, or \$2 million higher than the forecast amount of \$220 million. PTA revenues and expenditures are on target with the forecast.

Traffic Congestion Relief Fund

The ending cash balance for March 2006 was \$196 million, or \$34 million (15 percent) below the forecast amount of \$230 million. Expenditures for the month were \$12 million higher than forecast. Capital expenditures had a credit of \$3 million due to a project that was previously over its allocated amount.

Transportation Revolving Account (TRA) activity accounts for the remainder of the difference at \$28 million below forecast. The TRA represents the timing difference between recording of expenditures and actual cash disbursement.

Transportation Investment Fund

The adjusted ending cash balance for March 2006 was \$79 million, or \$11 million below the corrected forecast amount of \$90 million. The corrected forecast represents a correction to the calculation error that incorrectly over-estimated TIF revenue.

There was no expenditure activity in March 2006, although \$7 million in expenditures were forecast.

24-Month State Highway Account (SHA) Cash Forecast

(\$ in millions)

**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ Does not assume tribal gaming revenue.
- ▶ Assumes FY 2005-06 non-capital outlay support expenditures at the level included in the 2005-06 Budget Act. Future years are escalated at a rate of 3.1 percent, as applied in the 2006 Fund Estimate.
- ▶ Assumes Bargaining Unit 9 salary increases.
- ▶ Prudent Cash Balance increased to \$340 million in FY 2005-06, per 2006 Fund Estimate.

Differences from 2006 Fund Estimate:

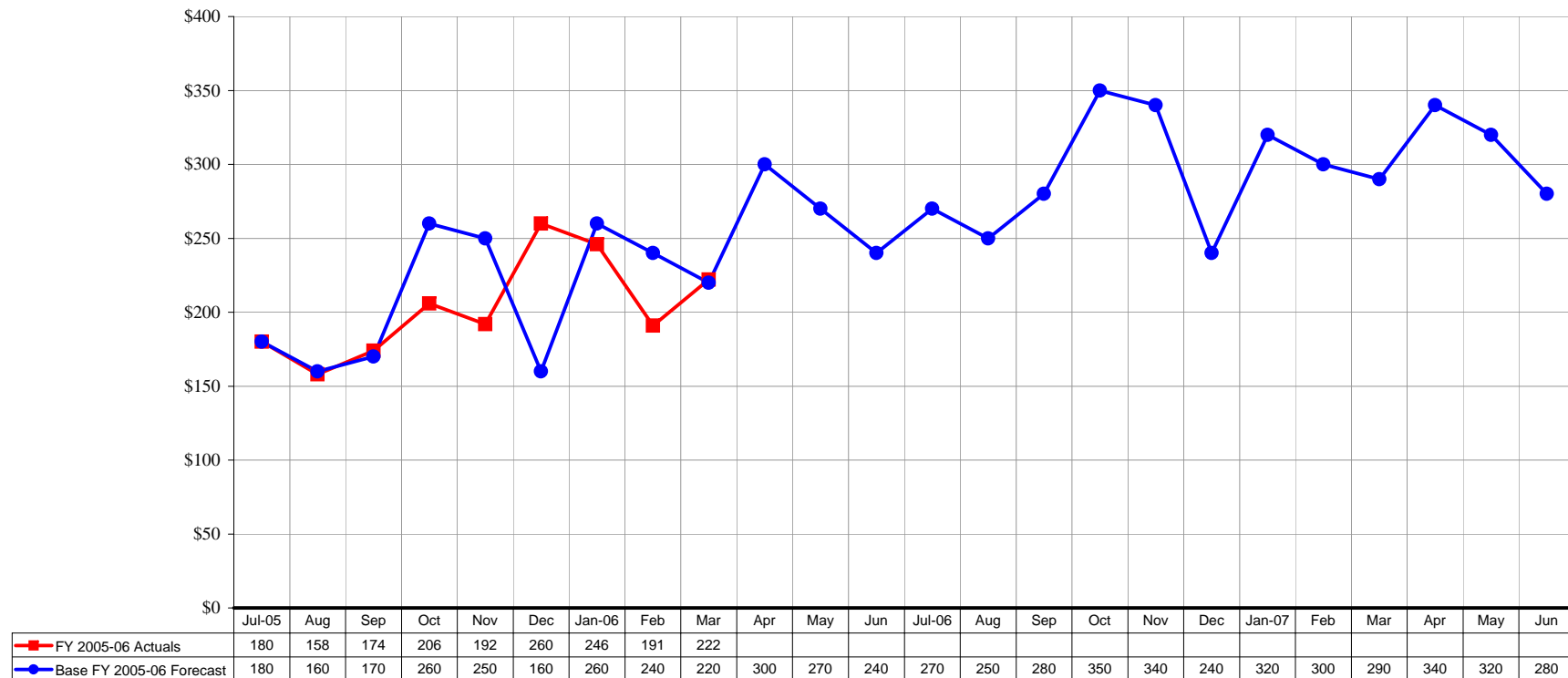
- ▶ Assumes miscellaneous revenue and expenditures assumptions for Items in Transit and Transportation Revolving Account.

Allocation Assumptions:

- ▶ Assumes \$2.3 billion in allocations for FY 2005-06 and \$2.2 billion in FY 2006-07.

24-Month Public Transportation Account (PTA) Cash Forecast

(\$ in millions)

**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ TIF revenue in FY 2005-06 included.

Differences from 2006 Fund Estimate:

- ▶ TIF suspension in FY 2006-07.
- ▶ Assumes no spillover revenue.

Allocation Assumptions:

- ▶ The FY 2005-06 allocation plan proposes \$115 million in allocations.
- ▶ There are no allocations proposed for FY 2006-07, unless spillover revenue is received.

24-Month Traffic Congestion Relief Fund (TCRF) Cash Forecast

(\$ in millions)

**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on TIF 2006 Fund Estimate Tier 2(A).
- ▶ Tribal gaming revenue not included.
- ▶ Annual transfer from TIF of \$678 million to occur quarterly in FY 2005-06.

Differences from 2006 Fund Estimate:

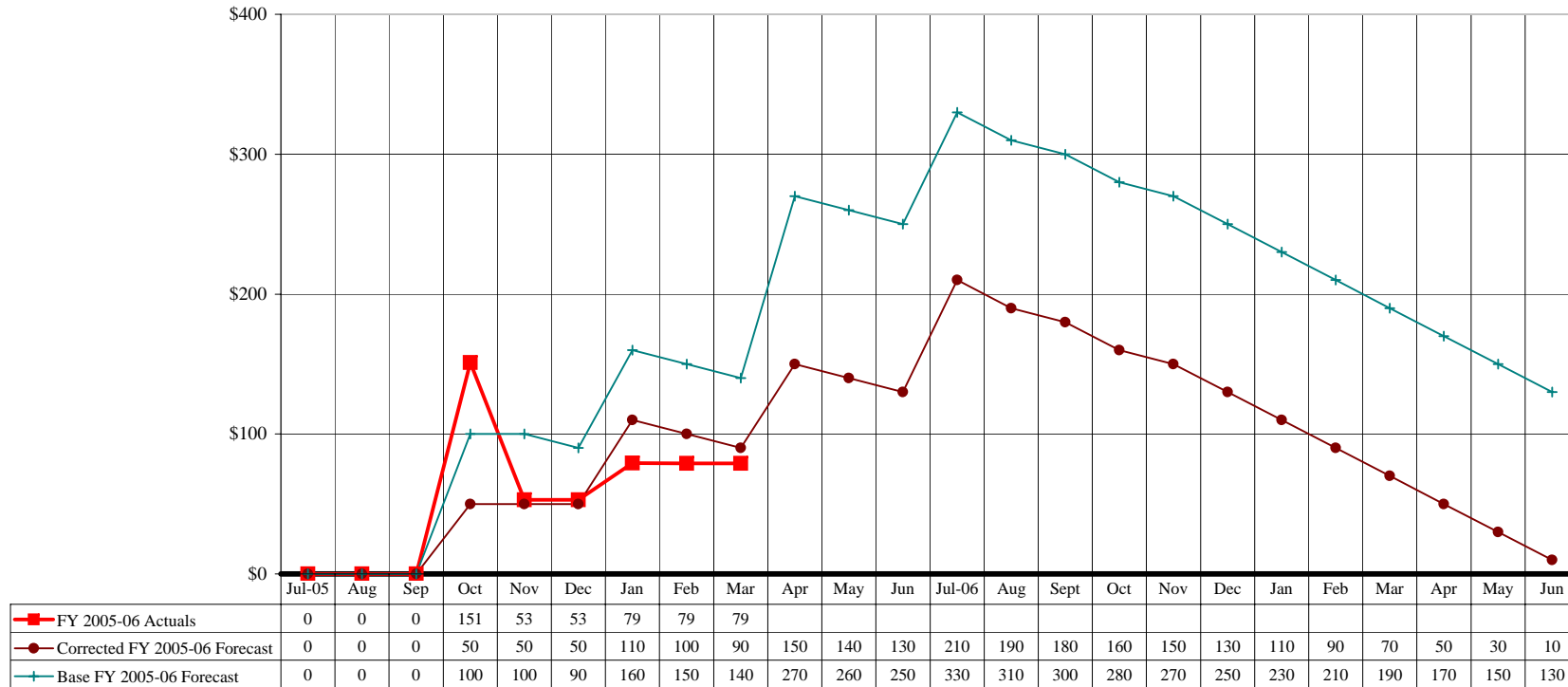
- ▶ Assumes no revenue from TIF in FY 2006-07.

Allocation Assumptions:

- ▶ The FY 2005-06 allocation plan proposes \$678 million in allocations, including \$86 million for existing projects.

24-Month Transportation Investment Fund (TIF) Cash Forecast

(\$ in millions)



- Corrected FY 2005-06 forecast accounts for a correction to the calculation error that overstated TIF revenue.

Base FY 2005-06 Forecast Assumptions:

- Based on 2006 Fund Estimate Tier 2(A).
- Transfer from General Fund of \$1.313 billion.
- Transfer of \$678 million to TCRF in FY 2005-06.

Difference from 2006 Fund Estimate:

- No transfer from General Fund in FY 2006-07.
- Transfer to TCRF suspended in FY 2006-07.
- Assumes three quarterly transfers from General Fund, as portion of \$1.313 billion to be received in FY 2005-06.
- 4th quarter transfer of remaining \$1.313 billion assumed in 1st quarter of FY 2006-07.

Allocation Assumptions:

- The FY 2005-06 allocation plan initially proposed \$350 million in allocations.

24-Month Grant Anticipation Revenue Vehicles (GARVEE) Forecast

(\$ in millions)

